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SUBJECT: BOSNIA: CONGRESSMAN BAIRD REVIEWS ENVIRONMENTAL
ISSUES AND POLITICAL SCENE

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Summary

1.(SBU) Congressman Brian Baird (D-WA), member of the Science and Technology Committee of the U.S. House of Representatives, visited Sarajevo on November 13 to review energy and environmental issues in Bosnia and Herzegovina (BiH). The visit included calls on the Federation Ministry of Energy and the state-level Ministry of Foreign Trade and Economic Relations, a stop at the city's defunct wastewater treatment plant, and lunch with two Members of the Federation House of Representatives. Upon learning of Bosnia's efforts to gain entry to the European Union's visa liberalization regime, Congressman Baird undertook to organize congressional support for that objective. In addition to the need to strengthen the Bosnian government's ability to coordinate national policy on energy, environment, and resource management, the visit also highlighted the pressing need for restoration of wastewater treatment in Sarajevo. End summary.

Minister Heco Lays Out Energy Investment Plan

2.(SBU) Federation Minister for Energy, Mining and Industry Vahid Heco, a member of Haris Silajdzic's Party for Bosnia and Herzegovina (SBiH), laid out an ambitious plan to attract foreign investors to eight power generation projects in the Federation, which he valued at \$4 million. Heco alluded to the fact that this "Strategic Partners" plan had been derailed, and suggested that irrational fear of foreign investment and jealousies of members of the ruling Party for Democratic Action (SDA) were the cause. He asserted, however, that the country's financial crisis was now reviving interest in the plan as a source of income for the government. (Comment: Heco glossed over the fact that last year, the Federation Parliament had cancelled the original Strategic Partners plan, introduced in July 2007, over accusations of corruption and a non-transparent tender process. At the time, estimates placed the value of the eight projects at \$2.5 million, rather than the \$4.0 million Heco is now citing. End comment.)

3.(SBU) Congressman Baird asked whether the Ministry was putting any resources into promoting energy efficiency. Heco responded that as a net energy exporter, the Federation's priority was to develop its coal and hydroelectric potential,

leaving the Ministry little time or resources for energy efficiency.

State Level Has Little Clout in Energy or Environment

14. (SBU) In a discussion at the BiH Ministry of Foreign Trade and Economic Relations (MOFTER), Congressman Baird learned that most of the power and resources to conduct energy, environment, and resource policy lie with Federation Minister Heco and his counterpart in the Republika Srpska. MOFTER Assistant Minister Reuf Hadzibegic, the highest-ranking state-level official with responsibility for these issues, professed to have little power over energy or environmental policy decisions of the entities, and displayed little knowledge of their activities. Despite this, his senior advisor for international cooperation explained, a staff of just six MOFTER employees is responsible for implementing energy and environmental reforms -- as well as agricultural reforms -- to comply with pre-accession requirements under the EU-Bosnia Stabilization and Association Agreement. MOFTER often receives little cooperation from the entities, the advisor said, but cannot point a finger at them when meeting with the EU to justify the snail's pace of progress.

Pressing Need for Wastewater Treatment

15. (SBU) During a visit to Sarajevo's wastewater treatment plant, which was destroyed during the war and has remained nonfunctional ever since, Congressman Baird learned that no major metropolitan area in BiH has a functioning sewage treatment system. In a public statement the Congressman expressed concern and surprise that Sarajevo lacked a water

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treatment plant and called on its citizens and politicians to "come together to solve common problems, such as energy, air pollution, and particularly water treatment." Privately, he noted that the uncontrolled pollution of Sarajevo's principal rivers presents a significant health threat to downstream neighbors who rely on them for their drinking supply. In the subsequent meeting at MOFTER, Assistant Minister

Hadzibegic said that Bosnia needs an estimated 30 million euros (\$45 million) to renovate the plant, and that the World Bank has offered 10 million euros (\$15 million) toward that end.

Support Offered on Visa Liberalization

16. (SBU) Congressman Baird met Mirza Kusljugic and Slavisa Sucur, Members of the Federation Parliament belonging to the Social Democratic Party (SDP), over lunch. Though selected to meet with him for their energy expertise -- Kusljugic, a former Ambassador to the UN, is Chairman of the Parliament's Energy Committee -- their comments focused largely on broader political issues. Both were critical of the Dayton Accords and the resulting constitution, and were skeptical that the Butmir process would lead to a better solution. They were also skeptical of the EU accession process, but hopeful that Bosnia would become a member of NATO in the near future, and were proud of Bosnia's participation in the recent Combined Endeavour exercise with NATO members. Kusljugic and Sucur expressed frustration, however, with the country's failure to benefit from the EU visa liberalization process. Kusljugic repeated the complaint made by many Bosniaks that the process is unfair, in that Bosnian Serbs and Croats will soon benefit from visa liberalization through their ability to obtain Serbian or Croatian passports, leaving the Bosniaks isolated.

The Congressman was sympathetic, and discussed ways to accelerate the EU's timing for granting visa-free travel to BiH.

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